

Taskforce on the Future for Growth and Development in Maryland

DHCD Action Item Update on 2008 Report

December 1, 2009

R32. Develop new funding sources to support Department of Housing and Community Development and local government affordable and workforce housing activities, complementing Congress's recent establishment of a National Housing Trust that may send additional resources to states by 2010.

A. American Recovery and Reinvestment Act

	DHCD Total	State of Maryland Total
TCAP (Rental Housing)	\$31,701,696	\$31,701,696
Section 1602 (Rental Housing)	\$79,212,812	\$79,212,812
CDBG – R (Infrastructure)	\$2,152,108	\$14,649,560
HPRP (Homeless Prevention)	\$5,680,393	\$22,407,537
Weatherization	\$61,441,745	\$61,441,745
CSBG (Local Human Services)	\$13,719,817	\$13,719,817
Public Housing Authority	\$0	\$48,201,863
	\$193,908,571	\$271,335,030

Approved Funding Through October 2009

B. Neighborhood Stabilization Program

Funds are provided to help mitigate vacant and foreclose properties in Maryland.

Maryland NSP I Awards

Maryland State Program	\$26,704,504
Baltimore City	\$4,112,239
Baltimore County	\$2,596,880
Montgomery County	\$2,073,965
Prince George's County	\$10,883,234
Maryland Total	\$46,370,822

DHCD has applied with local partners for an additional \$36 million through the NSP II program. Our application is pending.

D. MacArthur Foundation for Maryland's Rental Preservation Initiative

MacArthur awarded \$4.5 million to Maryland on February 26, 2008 -- \$500,000 in grant funds and \$4 million in a private related investment (PRI) to help preserve 1500 rental housing units annually in BRAC impacted areas. See attached 1 pager.

E. HFA Initiative - Obama Administration just announced a new program to assist Housing Finance Agencies like DHCD through a financing partnership with Treasury and the GSEs. Details are still emerging but DHCD allocations will include \$92,044,864 for Multifamily and \$154,296,790 for Single Family which will allow us to do \$257,160,000 in Single Family business (roughly 1300 loans at \$200K).

R33. Work with Federal representatives to grow Federal formula-based housing and community development funds such as HOME, Community Development Block Grant (CDBG), Low Income Housing Tax Credits, Mortgage Revenue Bonds, Housing Choice Vouchers, and Public Housing funds.

The 2010 HUD budget is currently in conference. Both the House and Senate are proposing more funding for CDBG, Public Housing, and Housing Choice Vouchers, although numbers have not been reconciled. The House is calling for a significant funding increase for the HOME program as well (Senate would be flat funded). DHCD received a temporary boost in our allocation of LIHTC and MRB authority under ARRA. We are currently working to extend that authority into future years. However, the Bond and Tax Credit markets have deteriorated significantly due to problems in the banking industry. In that light, DHCD has just asked Congress to extend the Tax Credit Exchange program to keep projects moving, continuing to produce both additional affordable housing and additional jobs.

R34. Encourage local governments to adopt local affordable housing strategies including housing trust funds, inclusionary zoning, land trusts, payments in lieu of taxes and waivers for local impact and development fees for affordable housing.

Efforts are ongoing. In particular, DHCD is working in partnership with ABCD and MAHC to gauge and encourage local use of the 2008 legislation clarifying local government's abilities to waive impact and building permit fees. A survey to affordable housing developers and local governments is under development.

R35. Target existing and new resources where possible to projects that help people of modest income live near their work or near viable transit options.

DHCD has helped guide the award rental housing funds through points provided for proximity to transit in the qualified allocation plan. On the single family front, DHCD continues to provide enhanced downpayment assistance through its House Keys/Smart Keys Program for first time homebuyers who live near their employer. TOD proximity has also been a priority for applications over the last two years for the Community Legacy Program. Finally DHCD is a partner in the redevelopment of State Center.

R36. Continue its proactive emphasis on preserving homeownership in the face of the national foreclosure crises, and plan for the longer term by helping families strengthen their household financial management and savings plan.

DHCD is continuing its efforts to mitigate foreclosures in Maryland on many fronts. Outreach through foreclosure prevention events and marketing is continuing. DHCD is working closely with housing counseling organizations to provide training, coordination and to facilitate financial resources. We are maintaining a hotline and website directing households to counseling organizations and other resources to assist impacted renters and homeowners. In FY 2008 and FY 2009, Housing Counselors assisted more than 23,000 households leading to positive outcomes for more than 7,900. DHCD has also provided a range of direct financial resources to impacted households. Currently, DHCD is working with DLLR and the Governor's Office to help explore a potential mediation program to assist

impacted families. Also, DHCD is a member of the Taskforce on Financial Literacy which recently approved a range of recommendations to enhance financial literacy education.

R 37. Maryland communities should better incorporate housing affordability into planning activities to help guide land use, zoning, and other development-related decisions. Consideration should be given to including in local comprehensive plans housing market information, a discussion of available affordable housing, an analysis of housing availability in the context of employment, as well as goals and strategies to address these and related issues.

This recommendation is to encourage greater housing activities by local governments. DHCD stands ready to assist local governments on this front.

R 38. The use of community land trusts in Maryland should be studied further by the Department of Housing and Community Development, working with local governments, advocates, and the community, to determine whether community land trusts can help meet Maryland's affordable housing needs. An initial report should be presented to the Task Force by July 1, 2009.

DHCD is working with the legislature and the ABCD Network to move forward a new proposal for Community Land Trusts during the 2010 session. A presentation on Community Land Trusts was made to the Taskforce on December 2, 2009.

R 39. As a Focus Area for the next phase of the Task Force's work, the Task Force will review, categorize, and assess the State's existing revitalization incentives. The Task Force will also review best practices and ideas from competing jurisdictions and around the country and recommend additional incentives that are cost-effective and economically efficient, yielding an acceptable return on the State's investment. A report should be produced by the Task Force by July 1, 2009.

See separate Draft Revitalization Workgroup Report/recommendations.

R 40. As part of its work under recommendation 9(A) above, the Task Force will focus on revitalization incentives directed at supporting the location of small businesses in revitalization areas.

See separate Draft Revitalization Workgroup Report/recommendations. In addition, DHCD has been working with DBED on the small business task force which will also lead to recommendations to enhance small business lending.

Housing Development - MacArthur **Preservation Initiative - MD-BRAC**

Purpose of Initiative:

With the support of the John D. and Catherine T. MacArthur Foundation, DHCD has joined with eight county governments to preserve affordable rental housing located in the path of growth brought on by the federal Base Realignment and Closure (BRAC) process, which will bring over 25,000 new households to the region beginning in 2011. In a regional partnership, DHCD is working with Anne Arundel, Baltimore, Cecil, Frederick, Harford, Howard, Prince George's and St. Mary's Counties to implement the MacArthur Preservation Initiative, which will ensure that rental housing preservation is a key element of the region's response to the challenges and complexities of BRAC-related growth.

The MacArthur Foundation's support for the Preservation Initiative is part of their *Window of Opportunity* campaign, a \$150 million, 10-year effort to preserve affordable rental homes across the nation. Maryland is one of only 12 states and cities to have been awarded funding under *Window of Opportunity*.

Preservation Components:

The Preservation Initiative is composed of five related components listed below:

Preservation Loan Fund – MD-BRAC:

The MacArthur Foundation's Program Related Investment (PRI) of \$4 million will leverage DHCD, federal, local and private funds totaling approximately \$915 million to preserve 9,000 additional units of affordable rental housing in 60 developments during the initial 10-year period of the BRAC process. The Loan Fund provides flexible, short-term (typically 12-24 months) loans which complement other financing, and are repaid through long-term financing made available through DHCD and its partners. For more information, please contact:

John Maneval, Deputy Director, Multifamily Housing Development, CDA
Tel: (410) 514-7451
Fax: (410) 987-4097
E-mail: mdbracpreservation@mdhousing.org

OR

Matthew Schmid, CDA
Tel: (410) 514-7459
Fax: (410) 987-4097
E-mail: mdbracpreservation@mdhousing.org

Data Analysis and Assessment

MacArthur Foundation funds are being used to create a database of existing affordable multifamily rental properties in the eight BRAC counties, and to develop a methodology of ranking those properties best suited for affordability preservation. As a result, DHCD and its partner counties will be able to specifically target financial and non-financial resources towards "at-risk" properties, thereby maximizing the impact of their preservation activities. For more information...

Education and Outreach

DHCD's experience indicates that direct technical assistance is needed for owners to understand and recognize the benefits of the preservation process. To that end, MacArthur Foundation funds are being used to provide outreach and targeted technical assistance to owners and buyers of multifamily rental housing to encourage them to preserve their properties as affordable housing, using DHCD short-term and long-term financing, including the MD-BRAC Preservation Loan Fund. In addition to property owners, our outreach team also meets with local officials and community leaders to better understand the needs of individual communities. For more information please contact Stuart Wechsler at 410-514-7457 or at mdbracpreservation@mdhousing.org.

Rental Preservation Compact

MacArthur Foundation funds are being used to support the development of a common set of loan Documents, underwriting and rehabilitation standards, and agreed upon processing times between DHCD and local jurisdictions and other public and private lenders. This is a year-long process that is being undertaken by a Workgroup of State, local, and federal rental housing managers, lawyers, and real estate professionals. The impact will be to reduce the legal and carrying costs of preservation projects, allowing funds to go further, and preserving more units. The additional goal is to provide a model for other state and local governments to use nationally.

Green Grant - Rental Housing Preservation Program

MacArthur Foundation funds are being used in partnership with funding from the Maryland Energy Administration to promote energy efficiency in affordable rental housing developments, through the Green Grant Rental Housing Energy Efficiency Program. The Green Grant program reimburses eligible applicants for costs associated with Energy Audits for multi-family rental housing or for the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) accreditation and training, in certain communities affected by BRAC. For more information...